

Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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E. O. 11652: NA
TAGS: ECON, EFIN, AF
SUBJECT: AMERICAN PRIVATE INVESTMENT IN AFGHANISTAN

REF: KABUL 3715

1. THE EMBASSY HAS BEEN IN TOUCH WITH ALL COMPANIES IN AFGHAN-
ISTAN WHICH INVOLVE AMERICAN PRIVATE INVESTMENT TO ASCERTAIN
THEIR VIEWS OF RECENT EVENTS AND PROSPECTS FOR THE FUTURE.

2. IDAMER AFGHAN INDUSTRIES. INDAMER IS ONE HUNDRED PERCENT
AMERICAN OWNED WITH MOST OF THE SHAREHOLDERS LIVING IN INDIA.
THE COMPANY REPORTS NO DIRECT CONTACT WITH THE GOVERNMENT, BUT
BUSINESS IS PROCEEDING NORMALLY. THE PRINCIPAL PROBLEM OF INDAMER
-- AND THE OTHER COMPANIES -- THUS FAR HAS BEEN A LIMITATION
BY THE NEW GOVERNMENT ON BANK WITHDRAWALS. TEN THOUSAND AFGHANIS
PER DAY (ABOUT \$250) IS THE MAXIMUM ALLOWED AND, THUS, THE
COMPANY IS HAVING DIFFICULTY PAYING SALARIES, SHIPPING GOODS,
ETC.

3. ARIANA AFGHAN AIRLINES. ARIANA IS 49 PERCENT OWNED BY PAN
AMERICAN. THE COMPANY HAS NEW LEADERSHIP SINCE THE COUP, BUT
OPERATIONS HAVE RETURNED TO NORMAL. ALTHOUGH ITS DOWNTOWN
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OFFICE WAS DESTROYED IN THE FIGHTING, ARIANA, ACCORDING TO
COMPANY OFFICIALS, WAS NOT SERIOUSLY AFFECTED SINCE RECORDS AND
TICKET STOCKS WERE SAVED. THE NEW COMPOSITION OF ARIANA'S
BOARD IS STILL IN DOUBT, AS AT LEAST THREE OF THE FIVE AFGHANS
ON THE BOARD HAVE BEEN RELIEVED OF THEIR POSITIONS WITH THE
GOVERNMENT (SULTAN GHAZI, FORMER ARIANA PRESIDENT NAJEEB, AND
FAZEL HAQ KHALIQYAR). PENDING THE APPOINTMENT OF A NEW BOARD,

THE AIRLINE IS STILL GOING FORWARD ON ITS EVALUATION OF WIDE-BODIED AIRCRAFT, AND ARIANA PERSONNEL ARE HOPEFUL THAT A DECISION TO PURCHASE A NEW AIRCRAFT WILL NOT BE LONG DELAYED.

4. CASTROL. CASTROL IS PARTIALLY OWNED (70 PERCENT), BY FALCON OIL COMPANY OF NEW YORK. BEFORE THE COUP, COMPANY OFFICIALS STATE THAT BUSINESS WAS EXCELLENT AND SEVERAL NEW CONTRACTS HAD BEEN SIGNED TO SUPPLY GOVERNMENT AGENCIES WITH LUBRICANTS. THUS FAMN
THE COMPANY HAS NOT BEEN ABLE TO DETERMINE WHETHER OR NOT THESE CONTRACTS WILL BE HONORED. THE COMPANY HAS SUFFICIENT RAW MATERIALS TO OPERATE FOR SEVERAL MONTHS, BUT NEW ORDERS HAVE BEEN TEMPORARILY SUSPENDED UNTIL THE LOCAL SITUATION HAS CLARIFIED.

5. YAQUB BROTHERS LEATHER PROCESSING COMPANY. YAQUB BROTHERS IS 49 PERCENT OWNED BY GENESCO. THE MANAGERS REPORT BUSINESS AS USUAL. THE PLANT IS IN OPERATION, PURCHASES OF SKINS FOR PROCESSING ARE BEING MADE, AND EXPORTS ARE CONTINUING.

6. BALKH CARPET COMPANY. THE BALKH CARPET COMPANY IS 49 PERCENT OWNED BY AN AMERICAN. HE HAS NOT VISITED THE FACTORY SINCE THE COUP, BUT REPORTS THAT IT IS ONLY IN PARTIAL OPERATION DUE TO A LACK OF WORKERS.

7. INTERCONTINENTAL HOTEL. SEE KABUL 3715
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8. COMMENT: ALL OF THE COMPANIES ARE OPTIMISTIC THAT THE GOVERNMENT WILL NOT MOVE RAPIDLY -- IF AT ALL -- TO NATIONALIZE THEM, OR TO INTERFERE IN THEIR DAY-TO-DAY OPERATIONS. THEIR ATTITUDE IS "BUSINESS AS USUAL," BUT ALL ARE APPREHENSIVE ABOUT THE FUTURE, AND ANXIOUSLY AWAIT FOR THE NEW GOVERNMENT'S ECONOMIC POLICIES TO BE PROMULGATED.
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